

November 15, 2024

VIA CM/ECF

The Honorable Julien Xavier Neals
United States District Judge
District of New Jersey
MLK Jr. Federal Building & U.S. Courthouse
50 Walnut Street
Newark, NJ 07102

Re: *Federal Trade Commission v. TheFBAMachine Inc. et al.*,
Civ. No. 24-06635 (JXN) (LDW)

Dear Judge Neals,

In accordance with the Court's October 29, 2024 order (Docket No. 88), the parties hereby submit this joint status letter to advise the Court regarding Defendants' compliance with the Temporary Restraining Order ("TRO") (ECF No. 5) and Stipulated Preliminary Injunction ("PI") (ECF No. 54) issued by this Court.

Plaintiff's Position

By October 21 at the latest, the FTC had provided Rozenfeld with everything he requested to complete the outstanding financial disclosures (even if it was duplicative of prior requests). On October 25, Defendants once again asked for more time to come into compliance with the TRO and PI issued by this Court. The Court granted this request and, as of today, Defendants have not submitted the missing or deficient items. As mentioned in the last status letter, this conduct is similar to how Rozenfeld treated his consumer clients. He strung them along, responded only when he had to, and ultimately failed to fulfill his promises. *See* attached PX 40.

In sum, in addition to violating the TRO and PI by incurring charges on a corporate defendant's credit card and soliciting business for a corporate defendant, to date, Defendants have still:

- a. failed to complete Attachment C for Sales Support and Wraith;
- b. failed to complete financial disclosure forms (Attachment B) for Passive Scaling and Wraith;
- c. failed to adequately supplement financial disclosure form (Attachment A) for Rozenfeld, despite submitting a supplemental form on October 25; and
- d. failed to supplement financial disclosure forms (Attachment B) with required information for 3PL Automation, 1HR, Hourly Relief, Daily Distro, FBA Support, FBA Machine, and Sales Support.

The FTC requests the Court hold Defendants in contempt.

Defendants' Position

Defendants are mostly finished putting together financial statements and are working on preparing tax returns. Defendants would like to note that such records take time to prepare and are still working on putting together tax returns. Defendants will use this to complete the outstanding Attachments. Defendants believe that they will have everything completed by Wednesday of next week to be able to provide them to the FTC. Defendants are trying to move as fast as possible and note that they have worked diligently since being provided with all of the needed information in October. Defendants wanted to be able to provide the records prior to the submission of this letter, but intend to do so as soon as they are finalized and completed.

The parties also request that the Court hold the hearing on November 21 at 11:00am if possible (rather than 10:00am) so that FTC counsel can travel to and from the hearing from Washington, DC on the same day.

Sincerely,

/s/ Colleen Robbins

Frances Kern
Colleen Robbins
Counsel for Plaintiff

/s/ Mikhail Usher

Mikhail Usher
Alexander Susi
Counsel for Defendants